

13 OCT 1966

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MEMORANDUM FOR: The Honorable Dean Rusk
The Secretary of State

SUBJECT : Activities of Communist Countries in
the World Wheat Market During
September

I have attached our latest analysis of Communist
purchases in the world wheat market. Our paper covers
the Eastern European Communist countries, as well as
the Soviet Union and Communist China.

/s/ Richard Helms

Richard Helms
Director

Attachment:
Subject paper

CONCUR:

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[Redacted Box]

12 OCT 1966

R. J. SMITH
Deputy Director for Intelligence

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Activities of Communist Countries in the
World Wheat Market During September

During September none of the Communist countries contracted for additional quantities of Free World wheat. To date, known agreements by the Communist countries for the delivery of wheat from the Free World over the consumption year beginning July 1966 total about 9 million tons, but additional purchases may boost this to some 15 million tons (see Table).



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The East European countries have purchased nearly 2 million tons of wheat from the Free World for delivery during the period July 1966-June 1967, or somewhat less than half of their estimated requirements for imports from this source. Rumania and Bulgaria, whose wheat crops have been particularly favorable, reportedly have offered a total of at least 300,000 tons of wheat on the world market since June, but known sales total only about 200,000 tons -- all to Free World countries.

Free World sales of wheat to Communist China for the consumption year beginning July 1966 remain at 3.3 million tons, compared with average annual imports of about 6 million tons in recent years. In view of its current, rather unfavorable crop prospects, China may need to import even larger quantities of grain than it has in the past few years if it is to avoid a decline in food consumption. Since July there have been an increasing number of reports of food shortages and rising prices, even in urban areas. These reports probably reflect a combination of (1) a poor early grain harvest, (2) insufficient reserves from previous harvests, and (3) inadequate wheat imports during recent months. Favorable wheat harvest prospects in Canada, Australia and Argentina, however, should permit Communist China to increase the level of wheat imports from these countries during the first half of 1967.

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Table

Wheat Imported by the Communist
Countries from the Free World
Consumption Years 1965-67

Million Metric Tons				
	<u>July 1964- June 1965</u>	<u>July 1965- June 1966</u> <u>Preliminary</u>	<u>July 1966 - June 1967</u> <u>Known Purchase</u> <u>Agreements as of</u> <u>1 Oct 1966</u>	<u>Estimated</u> <u>Total for</u> <u>the year</u>
USSR	2.3	9.0	3.9	3.9
Communist China	5.5	6.4	3.3	6.5
Eastern Europe	5.0	4.7	1.8	4.5
Total	<u>12.8</u>	<u>20.1</u>	<u>9.0</u>	<u>14.9</u>

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